

February 11, 2000

Mr. Ralph Beedle
Nuclear Energy Institute
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Washington, D. C. 20006-24996

SUBJECT: TELEPHONE CONVERSATION REGARDING NEI's POSITION ON
DEVELOPING GUIDELINES FOR CREDITING VOLUNTARY INDUSTRY
INITIATIVES IN LIEU OF REGULATORY ACTIONS

Dear Mr. Beedle:

On February 6, 2000, Mr. Jack Strosnider and I had a telephone conversation with you regarding the Nuclear Energy Institute's (NEI's) position on the staff's proposal to develop guidelines for crediting voluntary industry initiatives (VIs) in lieu of regulatory action. The purpose of this letter is to document that telephone conversation and our understanding that you would provide a letter stating NEI's position on this subject at a meeting scheduled for February 17, 2000, at the US Nuclear Regulatory Commission's (NRC's) Headquarters in Rockville, Maryland.

During this telephone conversation, we discussed the history of our interactions on this subject, which is summarized in the enclosure. As the enclosure indicates, the staff has actively pursued involvement of external stakeholders, including NEI and the industry, as part of this initiative. The NRC staff has had discussions on this subject at several public meetings with NEI and other interested stakeholders, as described in the attachment. These discussions focused mainly on the intent and usage of VIs, without significant input from the various stakeholders on specifics to be included in the proposed guidelines.

On December 13, 1999, the NRC issued a Federal Register notice (64 FR 238) "... soliciting additional stakeholder comments from interested parties on both the technical and regulatory aspects related to the development of guidelines to allow the drafting of a regulatory framework that supports the implementation of [VIs]," from interested stakeholders, by January 15, 2000. Mr. Strosnider expanded upon this solicitation during the December 21, 1999, meeting with your staff, stating that this included any comments, up to and including proposed guidelines *in toto*. The response date was chosen in order to allow the staff time to incorporate any comments received into the proposed guidelines. No response to the FR notice was received from NEI or any other stakeholders. Given the general nature of the discussions at the public meetings, it is our understanding that the industry has comments and concerns on the proposed guidelines. However, we cannot address those concerns until the industry provides them to us.

Given this history, I requested in our February 6, 2000, telephone conversation, that you provide more specifics regarding NEI's position on the VII proposal and your plans for providing any additional industry input. At your request, we have scheduled a public meeting on this subject for 1:00 p.m. on February 17, 2000, to be held in room O-4B-6 at the NRC Headquarters. Per our telephone conversation, I understand that, at this meeting, you will provide a written statement detailing NEI's position and plans regarding the development of guidelines for crediting voluntary industry initiatives in lieu of regulatory actions, and that we will discuss future plans in this area.

As indicated in the enclosure, the milestone for providing the proposed VII guidelines to the Commission is May 24, 2000. If NEI does not intend to provide any additional, detailed input, the staff will proceed to develop guidelines based on the general discussions and comments received during the several meetings on VIIs held to date, and provide these proposed guidelines to the Commission on the requested schedule. Alternatively, if NEI, or other interested stakeholders, want to provide more detailed comments and input, it may be possible to provide additional time to factor that input into development of these guidelines. However, we would need to know this no later than February 17, 2000, in order to pursue Commission approval for a revised schedule.

The staff continues to believe that voluntary industry initiatives can play a major role in achieving our regulatory goals of maintaining safety; reducing unnecessary regulatory burden; improving efficiency, effectiveness, and realism; and improving public confidence. I appreciate your cooperation on this subject and look forward to our discussions on February 17, 2000.

Sincerely,

/RA by/

Brian W. Sheron, Associate Director for
Project Licensing and Technical Analysis
Office of Nuclear Reactor Regulation

Enclosure: As stated

cc: Alex Marion, NEI
David Modeen, NEI
Owners Groups' Chairs
PWR MRP Chair
BWRVIP Chair
Mr. Ray Shadis
Mr. David Kraft, NEIS

ENCLOSURE

The initiative to develop guidelines for crediting industry voluntary initiatives in lieu of regulatory action is an outgrowth of the Commission's Direction Setting Initiative (DSI) 13 entitled "The Role of Industry and Use of Industry Initiatives" (SECY 97-303), dated December 31, 1997 and the associated staff requirements memorandum (SRM) issued on April 16, 1998. In accordance with the Commission's SRM, a public stakeholders meeting on DSI-13 was held in Rosemont, Illinois, on September 1, 1998. On March 2, 1999, the staff forwarded SECY 99-063 to the Commission proposing to develop guidelines for crediting voluntary industry initiatives in lieu of regulatory action providing an outline of the areas proposed to be addressed in the guidelines. On May 27, 1999, the Commission issued an SRM approving the staff's recommendations in SECY 99-063. The SRM directed the staff to move forward, working with the industry and other stakeholders, in the development of the process and guidelines for use of industry initiatives in the regulatory process. The Commission set a due date of May 24, 2000 for providing the proposed guidelines to the Commission for review prior to implementation.

A second public meeting with interested stakeholders, including NEI and Owners Groups management representatives, was held on October 27, 1999, in Rosemont, Illinois, which is summarized in a meeting summary dated November 18, 1999. At the request of the Nuclear Energy Institute (NEI), a third stakeholders meeting was held at the NRC Headquarters on December 21, 1999. Both of these meetings were noticed and discussed in advance with NEI and other stakeholders. Although the attendance at the October meeting was relatively small (seven external stakeholders), the panel at the meeting included management representatives from NRC, NEI, and two nuclear utilities. Other participants represented a vendor and industry consultants. A representative from the Nuclear Energy Information Services (NEIS) who had planned to attend was unfortunately unable to be at the meeting. Seven external stakeholders also participated in the December 21, 1999 meeting. Participants in this meeting included management from NEI, NRC and EPRI, as well as representatives from utilities and vendors. Discussions at both of these meetings focused largely on the general concept and philosophy of crediting industry voluntary initiatives in lieu of regulatory action, and was less focused on the specific details to be included in the guidelines. During the December 21, 1999, meeting, the NEI representatives provided a one page flow chart outlining a proposed process for crediting industry initiatives. The NRC staff indicated it would review the flow chart and provide comments, which were provided to NEI by letter dated February 9, 2000. These meetings were transcribed, and the NRC staff intends to use the comments and suggestions made at these meetings in its development of the guidelines.

During both the October 27, and the December 21, 1999, meetings, the NRC staff requested that stakeholders respond to the Federal Register notice (64 FR 238, dated December 13, 1999), soliciting comments from "...interested parties on both the technical and regulatory aspects related to the development of guidelines to allow the drafting of a regulatory framework that supports the implementation of [VILs]" by January 15, 2000. During both of these meetings, the NRC management suggested that NEI consider proposing a set of guidelines in response to the FR notice, up to and including proposed guidelines *in toto*. The staff noted that it could propose a revised schedule to the Commission if the industry needed more time to develop such guidelines. Notwithstanding the above, the NRC did not receive any comments in response to the FR notice from NEI or any other party.

On February 2, 2000, Messers. Strosnider, Bateman and Carpenter of my staff had a telephone conversation with Mr. Marion and Mr. Modeen of your staff. During that conversation, Mr. Strosnider asked if NEI planned to provide any further comments or input to the proposed guidelines. Mr. Marion indicated that some initial guiding principals would be provided by NEI to the staff in February 2000, and additional comments would be provided by early March 2000. He also requested that NRC provide any comments on the flow chart that NEI had provided to the NRC during the December 21, 1999, public meeting; these were provided in a letter dated February 9, 2000.

ENCLOSURE

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